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## RESULTS OF VOLUNTARY RELIEF PLAN OF UNITED STATES STEEL CORPORATION

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Before I start to speak directly upon the subject assigned to me, I should like for one moment to put myself on record as opposed to certain ideas which were presented here this morning (April 8, 1911, Annual Meeting of the Academy). Logically, I suppose I ought to put that at the end of what I have to say, but practically, the speakers' time limit might cut me off; and while I am perfectly willing that the chairman should cut off my eloquence, I do not wish him to cut off my ideas.

I am opposed to the principle that workmen should contribute to these plans of compensation, and I say this as a representative of the employer. I am also strongly opposed to any plan which I have thus far seen of state insurance, as applied to the states of this country. It may have worked very well in Germany, but I think there are many serious objections to it here. The chief objection to my mind is this—I think it will do more than any one can calculate to discourage endeavors on the part of employers for the prevention of accidents. I believe that later I can show you where and how it will work that way. If it does, it will do a great deal more harm than it can possibly do good; because the prevention of accidents is even more important than provision for the men who are injured and for the families of those killed. This is a case where not only is an ounce of prevention worth a pound of cure, but it is worth while using a pound of prevention if you can avoid need of an ounce of cure.

The problems presented by industrial accidents are not at all new to the United States Steel Corporation. For ten years very earnest and constant efforts have been made to better conditions arising from work accidents.

United States Steel Corporation experience in accident prevention and relief may be divided into three periods:

The first period covers five years following the organization

of the Corporation in April, 1901. This was a period during which the twelve or more great subsidiary companies dealt with accident problems each in its own way.

The second period began five years ago when the Law Department of the corporation commenced to act as a clearing house for all casualty matters and presently brought about the uniform methods of accident prevention and relief now in operation through the central Safety Committee.

The third period is that upon which we are now just entering—when the states are establishing by law new systems of relief for men injured and the families of men killed.

For years before the public became interested in these problems every subsidiary company of the corporation had been trying to better conditions due to work accidents. Unaided by any strong public opinion these efforts had brought to employees of these companies much better conditions than existed generally, for instance: For ten years or more employees of our companies have been able to turn directly to their employing companies for relief in case of accident. The subsidiary companies did not insure themselves against accidents, but paid their money directly to the men injured and the families of men killed. This allowed a personal relation between the injured men and their employing officers and permitted some disregard for mere questions of legal liability. Instead of only thirty per cent of the money spent being paid to the injured men, for years nearly eighty per cent of the money spent by the United States Steel Corporation for work accidents has been paid to the injured men and their families. The sums thus paid directly to the men have averaged a million dollars a year.

The fact that the United States Steel Corporation employees have felt that they were treated fairly is proved by the record that in five years only one employee out of every 200 injured was dissatisfied with what was done for him and sued the company. Even among those seriously injured only six in a hundred refused what was offered and brought suit. Of the \$1,000,000 paid to the men each year, \$52,000 was the highest amount ever paid in judgments in any year.

Each subsidiary company had its separate and well organized casualty department. The men in charge were not mere claim agents. Their orders were not simply to pay out as little money as

possible. They were instructed to pay what was needed to assist injured men and their families, even when there was no legal liability. These men also investigated each accident in order to prevent others like it and did all they could to increase the safety of the men.

Although much had been accomplished by the subsidiary companies prior to 1906, United States Steel Corporation interest in these problems brought even greater results, and in the last five years the corporation has organized for its employees what we believe to be the largest and most effective system of accident prevention and relief yet organized in the United States: A Central Safety Committee of seven members is chosen annually from among the men employed in casualty matters for the subsidiary companies. This committee acts under the supervision of the United States Steel Corporation Law Department, to which there is permanently attached one of the members of the safety committee, a former plant superintendent who distinguished himself in safety work. To this committee there is reported every serious accident among the entire 200,000 employees. At each meeting the circumstances of all serious accidents are considered, their causes are ascertained and endeavors are made to prevent any more accidents of the same sort. Whenever any safety device or other method of preventing any sort of accident is tried and found effective, complete information is sent to the safety committee. The committee investigates the matter, and if it finds the device or method is good, every subsidiary company is notified and furnished photographs, blueprints, specifications and descriptions of this new safeguard.

At every meeting of the safety committee certain plants of different subsidiary companies are selected for inspection. Inspectors are selected from companies other than those owning the plants,—companies which maintain rivalry in safety work. These inspectors are appointed as representatives of the safety committee. They report to it and not to the companies or plants concerned in the inspection. They criticise everything which they consider unsafe and commend every effort to increase the safety of employees. Then the safety committee examines these reports and sends them to the companies concerned for adoption, unless some objection is offered to any of the inspectors' recommendations. Within thirty

days the safety committee receives returns showing whether all the recommendations of its inspectors have been adopted. Nine out of every ten recommendations are adopted without question, but now and then the plant manager or local inspector wishes to offer some other suggestion. In such cases the safety committee looks into the matter with care and perhaps sends one or more of its own members to inspect the place before making its decision. Notwithstanding the fact that the plants, mills and mines were already inspected by state factory inspectors and by the casualty departments of their own companies, this system of safety committee inspection has produced in three years 7,000 recommendations for the greater safety of employees, all but 400 of which were carried out without question.

One of the most valuable ideas originated by one of the subsidiary companies and put in force in all the companies through the operations of the safety committee is the idea of having all plans for new construction, drawings and orders for machinery checked for safety. In every drafting room one man is delegated to make sure that in the preparation of plans and drawings, provision has been made for safety devices and all possible dangers of construction avoided. No new machinery will be ordered or old machinery reconstructed unless the plans and specifications bear the endorsement which shows that they have been examined from the standpoint of safety to the workmen. Without such endorsements they will not be passed by the purchasing or other operating departments. This has been a great benefit in the way of safety and has also saved much expense, because machinery which could have been equipped with safety devices readily enough when it was built can often be safeguarded afterwards only at great trouble and expense.

There is a biblical text which says: "Except the Lord build the house they labor in vain who build it," and likewise, unless the workman takes thought for his own safety, they labor in vain who seek to protect him. In the United States Steel Corporation the workmen themselves have been interested and enlisted in these endeavors to increase their safety. Over the gates at which they enter, large signs, illumined at night, urge them to take thought for their own safety and for that of others. For example, these signs say: "To be careless, thoughtless or reckless means injury sooner or later to yourself or others;" "The more you insist upon careful-

ness on the part of others and exercise it yourself, the safer it will be for all."

Upon the pay envelopes in which the men receive their wages are printed little sermons for safety, such as: "Keep in mind at all times the necessity for care and watchfulness;" "Your efforts to prevent carelessness and correct dangerous conditions will make it safer for you and for your fellow-workmen." Every few weeks the signs and the sermons change, but always they seek to interest the men in the efforts which are made for their safety.

Everywhere inside the steel mills signs indicate all sources of danger, and some of the companies have adopted the German practice of painting red all guards for machinery and other safety devices so that the men may see all about them the evidences of concern for their safety and may assist in the endeavors of their employers.

Many of the companies have organized in each plant committees of foremen and committees of workmen. Membership in these committees changes each month, so that in time a great many of the workmen will have served on the committees. These committees make inspections at intervals which vary in the different plants from once a week to once a month, and the men are allowed from their work whatever time may be required for their services on the committees. Members and former members of the committees are given insignia to indicate that they are a part of the general safety organization. They have been taught to look for dangers; they know their suggestions will be received and acted upon, and they have become fellow-workers with their employers for the safety of everyone in the mills.

These endeavors to safeguard its workmen have cost the United States Steel Corporation over a million dollars; they require the work of nearly one hundred men, and they receive attention from the highest executive officers in the subsidiary companies and the United States Steel Corporation itself; yet the results are felt to have fully justified this great expenditure of money and attention. In five years the serious accidents to workmen of the United States Steel Corporation have been reduced to one-half their former number. This means that each year there now escape injury some 2,600 men who would have been seriously injured each year under the conditions of five years ago.

Industrial accidents present two problems: (1) prevention of all accidents which can be avoided; (2) relief of men injured and the families of men killed in the large number of accidents which are unavoidable. The United States Steel Corporation has not only applied the maxim that an ounce of prevention is worth a pound of cure but it prefers to use a pound of prevention rather than have need of an ounce of cure. Nevertheless, every commission which has studied this question has declared that in modern industry a large number of accidents are unavoidable. For the men who are injured and the families of men who are killed the United States Steel Corporation has provided a plan of voluntary accident relief. That is our name for workmen's compensation; we think compensation is a misnomer, a vestige of the old theory of legal liability, for there is no way to compensate a workman for the loss of an arm or leg. Our accident relief was put in operation a year ago, in advance of any legal requirement. Under this plan there is no question of legal liability. The injured workman is given relief, even though his own fault led to his injury. The amount of relief is specified more definitely than in the German and English laws. Copies of the plan, printed in thirteen languages, are distributed to the workmen, who can see for themselves just what will be done for them if they are injured, and for their families if they are killed. The plan is flexible, providing more for married men than for single men and increasing the amounts with the size of the family. Men earning high wages receive more than men earning low wages, and the longer a man has been employed the larger his relief in case of accident. All this is given without any contribution from the men themselves. The payments are made even when those who receive them are ignorant that they are entitled to anything and have made no demand. After a year's trial this plan is considered thoroughly successful. It has gratified the men and has diminished litigation. We believe it has done a great deal to establish better relations between the United States Steel Corporation and its employees.

We are now entering upon a new era in the relations of employers to their injured employees. The old idea of liability only when the employer was at fault is being changed to a system of relief, regardless of fault. The United States Steel Corporation has already put into operation this new system. It has done this voluntarily and without the aid of any statutes. Obviously the

United States Steel Corporation is in favor of fair and reasonable statutes of this kind. But when we make this great change in the legal principles under which we have lived so long, it behooves us all, employers, employees and legislators, to be fair and reasonable. Some of the theories put forward in proposed legislation seem to me obviously unfair and unsound in principle, for instance:

It is unfair that the employer shall be compelled to give compensation regardless of fault if the employee is not bound to take it, because the workman cannot rightly ask to be compensated for injuries due to his own fault, yet for the fault of his employer seek to recover a much larger amount from a jury verdict. If fault is to be disregarded it must be disregarded equally whether it be the fault of employer or employee.

It is unreasonable to pass statutes under which either the employer or the employee is allowed to choose after the accident whether the compensation act or the common law shall govern, because the employer will assume that he must prepare to defend himself in court and he will regard his injured employee with distrust and antagonism, while the employee will be tempted by his selfish interests to threaten and dicker, to gamble on the chance of a large jury verdict and to take bad advice as to that chance. All the useless waste, delay and unfortunate antagonism which exist to-day will be continued.

I do not believe either on principle or in practice that statutes should require contribution from the workmen, because:

On principle, the workman's loss in wages is his contribution. If he is disabled for two months he receives fifty per cent of his wages and loses the other fifty per cent. That loss is his contribution, why should he be required to pay part of the employer's share?

In practice any contribution by the workmen requires state administration of the funds, and this seems to me most objectionable of all the plans put forward. You ask why I consider state insurance the worst plan which has been proposed? My reasons are:

1. It is bound to discourage endeavors to prevent accidents, because all employers in the same kind of business are placed in one class and pay the same premium, regardless of the amount of money and effort spent in making their plants safe. The best



guarded rolling mill and the least guarded pay the same premium. Why should one employer spend thousands of dollars in prevention of accidents when others in the same kind of business spend nothing for prevention and pay the same premium for state insurance. After his premiums are paid to the state the employer has no further financial interest in the matter. Unless he be a very humane employer, why should he spend large sums for safeguarding his employees?

2. The financial burden of state insurance will soon become intolerable, because the employer has no voice as to the amounts which will be paid out from the fund or as to the premiums he will be compelled to pay into it. The employee's contribution is so small that his interest lies in the largest disbursements. The state officials have no personal interest in the prevention of excessive and unwarranted payments. On the contrary their best chance of popular favor and political influence lies in the largest disbursements.

3. This state insurance plan will put the greatest possible strain upon the state administrative machinery, because it will require the disbursement by state officials of enormous sums of money almost without check. The dangers of a partisan or corrupt administration of this great insurance fund are absolutely appalling. Even an administration free from politics or corruption is likely to be inefficient and may even bankrupt the fund.

After this statement of objectionable features which are found in some of the statutes proposed, perhaps I ought to mention what seem to me the most desirable provisions for fair and reasonable compensation acts:

First.—These acts should be made just as far compulsory in principle or in practice as the federal and state constitutions will allow. I think this has been accomplished under the act which has just become law in New Jersey and would be accomplished under the Pennsylvania and Wisconsin acts.

Second.—I believe these acts should include all classes of employees, even to farm laborers and domestic servants. Insurance will do away with possible hardships from this extension of the acts.

Third.—A period of ten days or two weeks before any payments are made appears to be absolutely necessary in practice. I

do not think the payments made after that period should go back to the time of injury.

Fourth.—I believe strongly in some schedule of compensation for various injuries entailing permanent, partial or total disability. These are the cases for which it is difficult to make any rules. Many minor objections may be offered to this plan of a schedule, but the only other plan is arbitration or a decision by some court; and that causes delay, involves the employment of doctors and lawyers, and results in much of the antagonism that arises to-day. If a schedule is provided, so that for various injuries the employee knows just how much he is entitled to receive and the employer knows just how much he is required to pay, I firmly believe that the great majority of cases will be settled amicably between the injured man and his employer, even when the injuries are not among those listed in the schedule.

Fifth.—The amounts to be paid under any fair and reasonable compensation act should be such that the burden thrown upon the employer is not too greatly increased. Any very great increase in this burden is bound to jeopardize the success of this new theory of providing for injured men and their families.

As my last word to you let me suggest one aspect of this matter which is not often mentioned. It deserves mention because there are some who assert that workmen get nothing from employers except by contest and struggle. To this mistaken belief they lead the workmen, and on that belief their leadership is founded. To such assertions the progress of workmen's compensation should be a rebuke and a rebuttal. I do not believe so great a change in the relation of workman and employer ever before came about in so short a time. I know such a great change was never before brought about with such willingness on the part of those whose burdens are increased by it. Employers have not only accepted the idea of workmen's compensation; they have assisted its advance, have served upon the commissions and committees which have recommended it, have put it into operation voluntarily, and have obtained its enactment into law; knowing that it will cost them more, they have nevertheless urged its adoption. I believe this ought to be a lesson in optimism as to the relations of workmen and employers. I think it ought to strengthen those leaders among workmen and leaders among employers, who believe that capital

can be fair to labor and labor can be fair to capital—if we will hold to that faith and neither falter nor listen to evil counsel. It should help that faith, to feel that in this movement for workmen's compensation our eyes have seen the coming of a great concern by employers for the welfare of their workmen.